



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 5/2/2007

GAIN Report Number: TH7054

Thailand

Grain and Feed

Rice Second Crop Progress

2007

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Report Highlights:

MY 2006/07 second crop production is well above last year's level due to acreage expansion and yield improvements. Increasing current domestic supplies will likely drive Thai rice exports beyond the official target of 8.5 million tons, as current world market prices remain high relative to the Thai Government's less aggressive intervention program prices.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Bangkok [TH1]
[TH]

Rice Second-crop Supplies Well Above Last Year

MY 2006/07 second-crop production of mostly white rice will likely increase to 6.9 million tons of paddy (4.6 metric tons milled equivalent), up slightly from the previous year, due to acreage expansion and average yield improvement. The second crop usually accounts for 25 percent of Thailand's total annual rice production. According to estimates from the Royal Irrigation Department of the Thai Ministry of Agricultural and Cooperatives, cultivation progress in irrigated areas indicated a sharp increase in planted areas, particularly in the north and the central which account for around 90 percent of total second-crop cultivation. So far, planted areas are

Table: Second Crop Cultivation Progress in Irrigated Areas (as of April 12, 2007)

Unit: rai (1 hectare = 6.25 rai)

| Region | Target | Actual | | | Comparison with the same period of 2006 |
|--------------|------------------|------------------|----------------|------------------|--|
| | | Second Crop | Third Crop | Total | |
| North | 1,604,700 | 1,794,645 | 201,042 | 1,995,687 | 1,614,980 |
| Northeast | 533,800 | 708,674 | - | 708,674 | 447,904 |
| Central | 4,918,100 | 5,345,747 | 270,245 | 5,615,992 | 5,002,790 |
| East | 537,900 | 597,382 | - | 597,382 | 605,212 |
| South | 205,500 | 30,045 | - | 30,045 | 54,621 |
| Total | 7,800,000 | 8,476,493 | 471,287 | 8,947,780 | 7,725,507 |

Source: Royal Irrigation Department

estimated at around 9 million rai (1.4 million hectares), far above the target of 7.8 million rai (1.2 million hectares). In addition, farmers in the central area, where the harvest has finished, have started third crops in response to attractive farm prices and favorable water conditions. In major reservoirs, water levels are around 8 percent higher than the previous year. Meanwhile, second-crop cultivation in non-irrigated areas, accounting for around 20 percent of total second-crop cultivation, is expected to increase, particularly in the lower north, due to good water conditions from flooding in the previous year. As a result, total planted areas are expected to reach around 10 million rai (1.6 million hectares).

Despite a drop in yield in some provinces in the upper central due to unusual cold weather conditions, most provinces in major growing areas have higher average yields than the previous year following favorable water conditions. Around 60 percent of the crop has been harvested with reportedly little damage from drought and insects. Average yield will likely reach 4.4 tons/hectare, compared to 4.3 tons/hectare in the previous year.

Increasing domestic rice supplies with strong export potential

The strong second crop harvest should ensure MY 2006/07 total rice production will remain unchanged from the previous forecast at 18.3 million tons (TH 7035), up slightly from the previous year's production of 18.2 million tons. Current domestic prices are around 300-400 baht/ton higher than the previous year due to strong export demand. In addition, the government continues to maintain a less aggressive intervention program for the second crop, creating more exportable supplies. As of Apr. 30, 2007, the Government bought only 447,200 tons of paddy from MY 2006/07 second-crop intervention program (Mar. 16 – Jul. 31, 2007), a significant drop

from the previous year. Last year, the program bought up to 2.2 million tons of paddy, much of which is still in the government stocks.

Thai rice exports during Jan 1 – Apr. 25, 2007 totaled 2.5 million tons, up around 12 percent from the previous year. The increase reflected continued increase in fragrant rice exports. Meanwhile, low-quality white rice exports are expected to recover from a sharp contraction in the previous year as the price difference between Thai rice and Vietnamese rice is lower due to current tight Vietnamese rice exportable supplies. As a result, Thai rice exports are expected to go beyond the official target of 8.5 million tons.

End of Report.